



DEPARTMENT OF GOVERNMENT  
OF THE  
FEDERAL RESERVE SYSTEM  
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OFFICE OF THE CHAIRMAN

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Ben Bernanke  
Chairman  
Federal Reserve Board  
20<sup>th</sup> Street & Constitution Avenue  
Washington, DC 20551

February 8, 2011

Dear Mr. Chairman:

I am writing in reference to the proposed rules regarding debit card interchange fees. I want to discuss the new rules but first please allow me to give you a little bit of background. I am the CEO of First Community Credit Union. First Community has been in business over seventy-five years in the St. Louis metropolitan area. We have nearly 200,000 customers though we like to call them "members". I have been CEO for the past ten years and I was recently appointed to the St. Louis Federal Reserve's Community Depository Institutions Advisory Council.

In my twenty-five years at First Community, we have worked to offer our members two things; convenience and value. Our checking accounts have always been a good value. Though many of our members enjoy our high-interest checking account, the vast majority still use free checking. All of our checking accounts come with a free debit card and we have nearly 75,000 active debit cards. We're very proud of the fact that we issue those cards on the spot—gone are the days of waiting two weeks to get your debit card in the mail. Our debit program works for our members and they have never paid a dime for it. We've always made enough money on the program to cover the costs but it sounds like that could soon change.

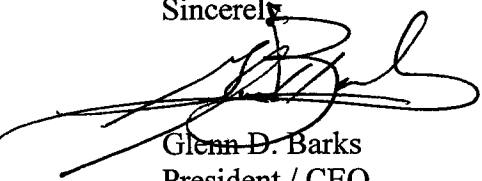
I am familiar with the Dodd-Frank Act. I understand that the Federal Reserve is operating under strict instructions from Congress when setting the rules on debit interchange fees and that you have been charged with setting fees "reasonable and proportional to the cost incurred by the issuer". Furthermore, you're prohibited from considering any overhead costs, except for those related to the authorization, clearance and settlement of the transaction.

As CEO, I have serious concerns. I am afraid that we will not be able to recoup the costs of our debit card program. In addition to settlement costs, we have costs for card production, staffing and equipment. This is to say nothing of the huge cost of fraud; the full burden of which falls on the financial institution—not the merchants or the consumers. The rules you're working under don't allow those costs to be factored in to the cost of our program.

Speaking on behalf of this financial institution, I am asking that the Board take the time to study the interchange question. Please consider all the costs of running a debit program and recommend an interchange rate that allows us to make a reasonable return on our capital. As you're aware, credit unions are *required to maintain our capital*. I understand things are tight for merchants. I also understand that the merchants will not be passing this savings on to their customers. But because of this inappropriate mandate we will be forced to either charge our members more fees or discontinue our debit program. This doesn't make any sense at all for the American consumer.

Thank you for your time and your consideration is appreciated.

Sincerely,



Glenn D. Barks  
President / CEO